



California Housing Finance Agency

Multifamily Programs Local Partnerships

California Housing Finance Agency
Board of Directors

July 11, 2017

Agenda

- 1) Communication with Local Governments
- 2) Permanent Take-Out Loan Requirements
- 3) Conduit Issuance Policies
- 4) NOAH Lending with Local Partnerships
- 5) Further Partnership Opportunities

Locals' Letter to CalHFA

- June 16, 2017 letter from 8 local housing departments
 - Conduit issuance should be done by the locals that want to do it
 - Monitoring more effective at a local level
 - Revenue important for operations



CalHFA Response

- Response letter sent to all signatories
- Individual discussions with nearly all those that signed the letter
- Discussions were productive and most localities understood CalHFA's requirements
- Discussions will continue to find solutions that meet all parties needs

Permanent Take-Out Requirements

- CalHFA must be conduit issuer when lender of 4% tax credit projects
 - CalHFA is taking financial risks (rate lock) and needs control during the construction period
 - Preferential loan terms and no CalHFA monitoring fee leave room for local revenue
 - CalHFA will ensure affordability and local needs and will provide written assurances

Financial Comparison

- The following table compares using CalHFA as lender and issuer vs. local issuance with another permanent lender* assuming a \$60 million issuance:

<u>Bond Issuer</u>	<u>Issuance Fees</u>	<u>Monitoring Fees**</u>	<u>Net Permanent Loan Proceeds***</u>	<u>% of CalHFA Product</u>
CalHFA (also lender)	\$80,000	\$0	\$50,000,000	100%
Contra Costa County	75,000	25,000	46,383,974	93%
Los Angeles County	75,000	75,000	45,558,381	91%
Alameda County	180,000	75,000	45,453,381	91%
Sacramento HRA	150,000	90,000	45,235,703	90%
San Diego HC	138,000	138,000	44,455,133	89%
City of Anaheim	150,000	150,000	44,244,991	88%

* Assumes 40 year loan at 4.85% for CalHFA and 35 year amortization at 5.00% for other lenders

** Percentage based on original bond issuance amount of \$60,000,000

*** Adjusts permanent loan amount by monitoring fees and nets out difference in issuance fees

Conduit Issuer Policies

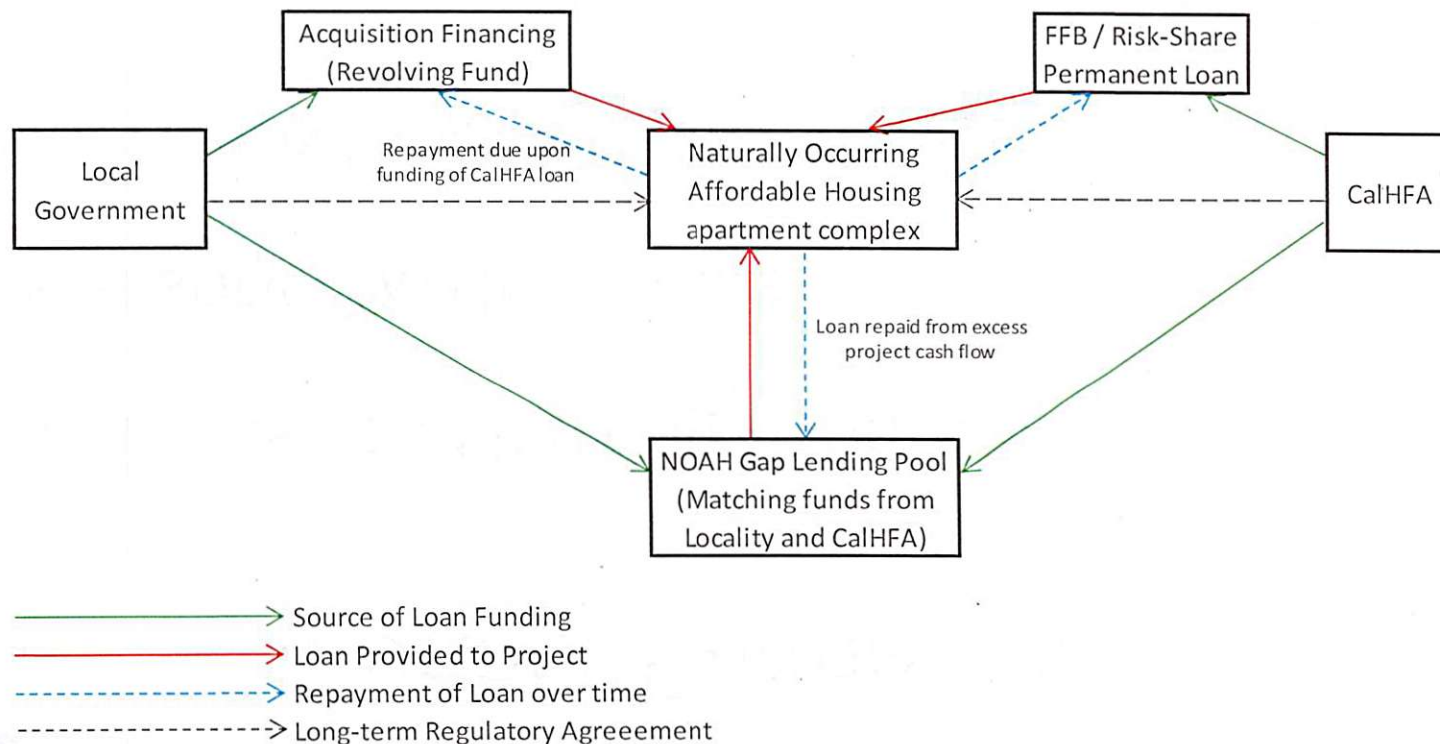
- On projects where CalHFA is not the first lien lender, CalHFA will not issue bonds:
 - 1) When local funds are used in the financing and the local wishes to be the issuer
 - 2) When the CalHFA Local Review returns a negative response that is not overridden by state housing policy goals

NOAH Loan Program

- Converting market rent projects to restrict some units at 80% of AMI
- High rent areas need units for “Missing Middle”
- Making up tax-credit subsidies is expensive
- Do locals have the resources to partner with CalHFA to fill gaps?

Missing Middle / NOAH

CalHFA Local Partnership Design
for preserving Naturally Occurring Affordable Housing (NOAH) projects



Further Partnerships

- Special Needs Housing Program
- Accessory Dwelling Units
- Joint Down Payment Assistance